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(b) At present both sets of Minicard machines have been assigned to and are in use in the Photographic Intelligence Center. They form an indispensable part of the equipment used by PIC in carrying out its mission, and while improvements in the state of the art can be visualized, for the next several years these machines will be required to perform an important role for PIC. The current opinion of the Director, PIC (reference c.) should be considered, in effect, as superseding the initial impressions of dissatisfaction expressed by OGR and PIC.

(c) The design goals for the Minicard equipment under this contract were established and revised on a number of occasions in the context of the urgency of time and the strict security attendant upon the inception of IDEALIST. The Agency knowingly required the Contractor to go well beyond the existing state of the art, and to proceed in good faith upon representations made by our officials which prevented the Contractor from employing normal business standards and procedures for contract administration. The Agency was aware that the Contractor was incurring an overrun of costs, but requested that he continue work and defer settlement of such costs until the conclusion of the contract (reference d.).

(d) The Deputy Director (Plans) is also in a position to express an opinion since he has followed the technical development of this equipment closely from the outset. His opinion is reflected in the recommendation below.

Recommendation:

7. It is recommended that the Director approve the payment to Eastman Kodak Company in settlement of Contract No-1806 of not to exceed \$500,000. Funds from Fiscal Years 1958 and 1959 are available to cover this additional work performed during those periods.

cc: DCI

STANLEY W. BERNLI
Colonel USAF
Acting Chief, DPD-DD/P

ATTACHMENTS:

- 1 - Reference a.
- 2 - Reference b.
- 3 - Reference c.
- 4 - Reference d.